

CITY OF LAKE MILLS, IOWA

URBAN RENEWAL PLAN AMENDMENT  
LAKE MILLS URBAN RENEWAL AREA

April, 2016

The Urban Renewal Plan (the “Plan”) for the Lake Mills Urban Renewal Area (the “Urban Renewal Area”) is being amended for the purpose of identifying new urban renewal projects to be undertaken in the Urban Renewal Area.

**1) Identification of Projects.** By virtue of this amendment, the list of authorized urban renewal projects in the Plan is hereby amended to include the following projects:

A)

**Name of Project:** 2016-2017 Tennis Courts Resurfacing Project (the “Tennis Courts Project”)

**Name of Urban Renewal Area:** Lake Mills Urban Renewal Area

**Date of Council Approval of Project:** April 18, 2016

**Description of Project:** The Tennis Courts Project will consist of the resurfacing of the tennis courts situated adjacent to Oakwood Park in the City of Lake Mills (the “City”). The City has found that provision of superior recreational facilities is necessary for the enhancement and maintenance of economic development in the community, and the City is hereby authorized to use its urban renewal powers to complete the Tennis Courts Project. It is anticipated that the completed Tennis Courts Project will have a positive impact on commerce in the Urban Renewal Area through the provision of enhanced recreational amenities resulting in the attraction and retention of businesses.

**Description of Properties to be Acquired in Connection with the Project:** The City will not acquire real property interests in the undertaking of the Tennis Courts Project.

**Description of Use of TIF for the Project:** It is anticipated that the City will pay for the Tennis Courts Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with incremental property tax revenues. It is anticipated that the City’s use of incremental property tax revenues for the Tennis Courts Project will not exceed \$16,000.

B)

**Name of Project:** 2016-2017 Municipal Swimming Pool Improvement Project (the “Pool Project”)

**Name of Urban Renewal Area:** Lake Mills Urban Renewal Area

**Date of Council Approval of the Project:** April 18, 2016

**Description of the Project:** The Pool Project will consist of the replacement of the slide, the construction of a shade structure and the construction of a storage shed at the municipal swimming pool situated adjacent to Oakwood Park in the City. The City has found that provision of superior recreational facilities is necessary for the enhancement and maintenance of economic development in the community, and the City is hereby authorized to use its urban renewal powers to complete the Pool Project. It is anticipated that the completed Pool Project will have a positive impact on commerce in the Urban Renewal Area through the provision of enhanced recreational amenities resulting in the attraction and retention of businesses.

**Description of Properties to be Acquired in Connection with the Project:** The City will not acquire real property interests in the undertaking of the Pool Project.

**Description of Use of TIF for the Project:** It is anticipated that the City will pay for the Pool Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Pool Project will not exceed \$25,000.

**Analysis of Use of TIF:** In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Pool Project and alternative development and funding options for the Pool Project. The results of that analysis are summarized as follows:

**1) Alternate Development Options:** The City Council has determined the provision of superior parks and recreational facilities are essential to the economic development of the City. Maintaining and enhancing the municipal swimming pool will positively impact commerce, growth and development in the Urban Renewal Area. The improvement of the existing municipal swimming pool to its highest and best use is more cost effective than constructing a new municipal swimming pool. There are no other development options feasible on the property on which the municipal swimming pool is currently located.

**2) Alternate Financing Options:**

\* Local Option Sales and Services Tax Revenues: Local Option Sales and Services Tax Revenues are unavailable to assist with the Pool Project because such Revenues have been allocated to other projects in the City.

\* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City has very limited cash reserves in its General Fund and cannot access such reserves to pay the costs of the Pool Project without risking unsound fiscal practice.

\* **Capital Improvements Levy:** The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

\* **Debt Service Levy:** The City Council has determined that the debt service levy rate should not be raised for the Pool Project. The City will be required to raise the debt service levy for projects that do not qualify for tax increment financing. Raising the current debt service levy rate for the Pool Project would result in an undue burden to the citizens of the City. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives which are enhanced by the operations at the municipal swimming pool.

\* **Swimming Pool Revenues:** The City does not have revenues available from the municipal swimming pool to aid in the funding of the Pool Project. The municipal swimming pool operates in months to years under deficit conditions. The City subsidizes the municipal swimming pool revenue fund with proceeds from the general fund.

\* **Utility Surpluses:** The City does not have identified surpluses in its sewer and/or water utility funds that could aid in the funding of the Pool Project.

C)

**Name of Project:** 2016-2017 Water System Improvements Project (the "Water Tower Project")

**Name of Urban Renewal Area:** Lake Mills Urban Renewal Area

**Date of Council Approval of Project:** April 18, 2016

**Description of Project:** The City will undertake the repainting of the interior of the water tower situated adjacent to Oakwood Park in the City. The Water Tower Project will maintain the structural integrity of the water tower and will allow the City to continue to provide adequate water supply capacity for the growth and retention of commercial and industrial enterprises in the City.

**Description of Properties to be Acquired in Connection with the Project:** The City will not acquire real property interests in the undertaking of the Water Tower Project.

**Description of Use of TIF:** It is anticipated that the City will pay for the Water Tower Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City's obligation will be repaid with incremental property tax revenues. It is anticipated that the City's use of incremental property tax revenues for the Water Tower Project will not exceed \$55,000.

**D)**

**Name of Project:** Lake Mills Community Preschool and Daycare Improvement Project (the “Daycare Improvement Project”)

**Name of Urban Renewal Area:** Lake Mills Urban Renewal Area

**Date of Council Approval of Project:** April 18, 2016

**Description of Project:** Lakes Mills Family Center (the “Operator”) will undertake the construction of interior improvements to the Lake Mills Community Preschool and Daycare situated at 711 Highway 69 N in the City. It is anticipated that the completed Daycare Improvement Project will increase and enhance the availability of childcare in the Urban Renewal Area thereby resulting in commercial, industrial and residential growth and retention in the City.

**Description of Public Infrastructure:** It is not anticipated that the City will install public infrastructure in connection with the Daycare Improvement Project.

**Description of Properties to be Acquired in Connection with Project:** It is not anticipated that the City will acquire real property interests in connection with the Daycare Improvement Project.

**Description of Use of TIF:** The City intends to enter into an Economic Development Forgivable Loan or Grant Agreement with the Operator with respect to the Daycare Improvement Project and to provide an economic development forgivable loan or grant (the “Assistance”) thereunder. The Assistance will be funded with either an internal advance of funds or the proceeds of an external borrowing, either of which will be repaid with future incremental property tax revenues to be derived from the Urban Renewal Area. It is anticipated that the City’s total commitment of incremental property tax revenues with respect to the Daycare Improvement Project will not exceed \$60,000.

**2) Required Financial Information.** The following information is provided in accordance with the requirements of Section 403.17 of the Code of Iowa:

Constitutional debt limit of the City:	<u>\$5,114,905</u>
Outstanding general obligation debt of the City:	<u>\$1,687,000</u>
Proposed debt to be incurred in connection with April, 2016 Amendment*:	<u>\$ 156,000</u>

\*Some or all of the debt incurred hereunder may be subject to annual appropriation by the City Council.